

## **Appendix I**

**DRAFT**  
**(AN OUTLINE) OF:**  
**THE CREDIT INFORMATION BUREAUS**  
**ACT, 1999**  
**(ACT No.....Of 1999)**

### **PREAMBLE**

An Act to provide for the incorporation, and functioning of Credit Information Bureaus with a view to enable them to, collect credit information relating to the constituents of banks, financial institutions or other lenders or authorities and maintain data of such information and also for the provision to disseminate such information on request to the Specified Users of the Bureaus, with a view to facilitate efficient distribution of credit and for matters connected therewith and incidental thereto.

Be it enacted by Parliament in.... Year of Republic of India as follows: -

### **CHAPTER I**

#### **PRELIMINARY**

##### **1. Short Title, Extent, Commencement and Application:-**

(1) This Act may be called the **Credit Information Bureaus Act, 1999**.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act and any reference in any provisions of this Act to the commencement of this Act shall be construed as reference to the commencement of that provision.

##### **2. Application of other laws not barred:-**

The provisions of this Act shall be in addition to, and not, save as hereinafter expressly provided in derogation of the Companies Act, 1956 (1 of 1956), any other law for the time being in force.

##### **3. DEFINITIONS:** - In this Act, unless, context otherwise requires:

- a) " **banking** " means the accepting, for the purposes of lending or investment, of deposit of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise";

- b) "**banking company** " means any company, which transacts the business of banking in India and includes the State Bank and a subsidiary bank
- c) "**banking policy**," means any policy which is specified from time to time by the Reserve Bank in the interest of the banking system or in the interest of monetary stability or sound economic growth, having due regard to the interest of the depositors, the volume of deposits and other resources of the bank and the need for equitable allocation and the efficient use of these deposits and resources;
- d) "**Board**", in relation to this Act, means the Board of Directors of a Credit Information Bureau constituted under section 10 of this Act;
- e) "**borrower**" for the purpose of this Act means a person who has borrowed from a credit institution and includes persons approaching a credit institution for loan or any other credit facility and a person who is a constituent of a credit institution in any capacity.
- f) "**Chairman** " means the Chairman of the Board appointed under section 13 of this Act;
- g) "**Company** " means any company as defined in section 3 of the Companies Act, 1956 (1 of 1956); and includes a foreign company within the meaning of section 591 of that Act;
- h) "**Co-operative bank** " means a State Co-operative Bank, a Central Co-operative Bank and a Primary Co-operative Bank;
- i) "**Credit information**" means any information relating to--
  - (i) the amounts and the nature of loans or advances and other credit facilities granted by a Credit Institution to their borrower or class of borrowers as the case may be;
  - (ii) the nature of security taken by a Credit Institution from their borrower or class of borrowers, as the case may be for credit facilities granted to him or to such class;
  - (iii) the guarantee or any other non-fund based facility furnished by a Credit Institution for any of its constituent or any class of constituents;
  - (iv) the means, antecedents, history of financial transactions and the credit worthiness of any borrower or class of borrowers of a Credit Institution ;  
and

(v) any such information which the Reserve Bank in its opinion may consider as relevant to be included in the data to be collected and maintained by the Credit Information Bureau and may specify in its directions issued from time to time for the purposes of this Act;

(j) " **Corresponding new bank** " means a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970); or as the case may be, under section 3 of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(k) " **Credit Information Bureau**" means a company or a subsidiary company which has been granted a certificate of registration by the Reserve Bank in accordance with this Act to undertake the business of collecting credit information relating to the constituents of Credit Institutions as may be specified by the Reserve Bank in this regard; and to maintain data relating thereto and to disseminate such information, data to Specified Users and for purposes as may be specified by the Reserve Bank from time to time in accordance with Act.

(l) "**Credit Institutions** " means all or any of the following, namely: -

(i) a banking company;

(ii) a corresponding new bank;

(iii) a Regional Rural Bank;

(iv) a co-operative bank;

(v) a financial institution;

(vi) non-banking financial company;

(vii) Export Credit Guarantee Corporation of India Ltd., which is a company wholly owned by the Government of India and

(viii) such other Lending Institutions as may be specified by the Reserve Bank in its direction issued under this Act.

(m) \*

(n) \*

(o) \*

(p) \*

(q) \*

(r) \* "**Notified**" means any direction, procedural guidelines or any other matter, as may be notified by the Central Government from time to time, in the Official Gazette in

relation to business and functions of Credit Information Bureaus or matters relating to or incidental there-to;

(s) \* "**Specified**" means as may be specified by the Reserve Bank in its directions, and procedural guidelines under this Act in relation to the functions of Credit Information Bureaus in general or a Credit Information Bureau in particular or matters relating to or incidental thereto;

(t) \* "**Specified Users**" means Credit Institutions, a Credit Information Bureau as defined in this Act and include such other bodies, companies and authorities who may be specified from time to time by the Reserve Bank as entitled to obtain Credit Information from a Credit Information Bureau.

(u) \* "**Subsidiary Company**" for the purposes of this Act means a subsidiary company formed by a banking company in accordance with the provisions of Section 19 of the Banking Regulation Act, 1949 as amended by this Act.

(v) \* "**This Act**" means "**the Credit Information Bureaus Act, 1999**".

(w) Words and expressions used herein and not defined in this Act shall have the meanings, if any assigned to them in the Companies Act, 1956 (1 of 1956)

(x) Any reference in this Act to any other enactment, shall, be construed as a reference to the corresponding law, if any, in force in that area.

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\* NOTE: [Other relevant terms, the definition whereof should be provided may be decided and included after final decision of the Govt. about the incorporation, establishment, management, regulation & functioning of the Credit Information Bureaus and the terms may be defined accordingly.]

## CHAPTER II

### ESTABLISHMENT OF THE CREDIT INFORMATION BUREAU, AND ITS CAPITAL

#### **4. Establishment Of The Credit Information Bureau: -**

Every Credit Information Bureau shall be a company or a subsidiary company as the case may be, for the purpose of undertaking and carrying on the business of a Credit Information Bureau.

#### **5. Requirements of Obtaining Registration Certificate from the Reserve Bank:**

(1) Notwithstanding anything contained in any other law for the time being in force, and save as hereinafter provided no company or a subsidiary company shall commence or

carry on the business of a Credit Information Bureau without obtaining a certificate of registration from the Reserve Bank, to carry on the business of a Credit Information Bureau.

(2) Every Credit Information Bureau in existence on the commencement of this Act, before the expiry of six months from such commencement, shall apply in writing to Reserve Bank for obtaining a certificate of registration from the Reserve Bank to continue to carry on the business of a Credit Information Bureau.

PROVIDED that in the case of Credit Information Bureau in existence on the commencement of this Act, nothing in sub-section (1) shall be deemed to prohibit such existing Credit Information Bureau from carrying on the business of a Credit Information Bureau, until it is granted a certificate of registration in pursuance of this section or after consideration of such application by the Reserve Bank in accordance with Section 22 of this Act is by notice in writing informed by the Reserve Bank that a certificate of Registration can not be granted to it.

#### **6. Authorised Capital: -**

The authorised capital of a Credit Information Bureau shall be a minimum of **Rs 100 crore**.

PROVIDED the Reserve Bank if it considers it necessary to do so in the interest of the banks, Financial Institutions and other Specified Users of the Credit Information Bureau may, increase or reduce such authorised capital subject to the condition that in no case such authorised capital shall be reduced below **Rs.50 crore**.

#### **7. Issued Capital: -**

(1) The issued capital of each Credit Information Bureau shall be such as may be fixed by the Reserve Bank in this behalf but shall in no case be less than **Rs. 50 crore**.

(2) The Board may after consultation with Reserve Bank, from time to time, increase the issued capital of the Credit Information Bureau.

#### **8. Provisions relating to;**

- (a) the nature of the shares;
- (b) listing of the shares;
- (c) voting rights of the holders of the shares and other aspects relating thereto;
- (d) divestment of shareholding by members;

may be provided or alternatively the same may be left to be governed by the provisions of the Companies Act 1956 (1 of 1956 ) and other law as may be in force in relation to such aspects of the share of a company or a subsidiary company.

## CHAPTER III

### MANAGEMENT OF CREDIT INFORMATION BUREAUS

**9. Management:** - (1). Subject to the provisions of this Act, the general superintendence, direction and management of the affairs of a Credit Information Bureau shall vest in a Board of Directors who may exercise all the powers and discharge all the functions which may be exercised or discharged by the Credit Information Bureau.

2) In discharging its functions, the Board shall act on business principles and shall have due regard to interest of Credit Institutions, Constituents of Credit Institutions, and public interest.

**10. Board of Directors:** - The Board of Directors of a Credit Information Bureau shall consist of the following:

Note: [Composition of the Board may be provided as per the final decision in this regard]

**11. Board of Directors to include persons with professional experience:** -

**12. Term of office of Directors:** -

**13. Chairman:** -

**14. Disqualifications of Directors:** -

**15. Removal from and Vacation of Office:** -

**16. Casual Vacancies and Absence:** -

**17. Meeting of the Board:** -

(a) [Quorum for any meeting and also regarding frequency of meetings to be held]

(b) [Regarding mode of decision of questions coming up in the meetings of the Board.]

**18. Fees and allowances of Directors:** -

**19. Power of the Reserve Bank to determine Policy**

The Reserve Bank may, if it considers necessary and expedient so to do, determine the policy relating to functioning of Credit Information Bureaus.

**20. Power of the Reserve Bank to give directions: -**

- (1) Where the Reserve Bank is satisfied that –
  - (a) in the public interest; or
  - (b) in the interest of banking policy; or
  - (c) in the interest of credit system; or
  - (d) in the interest of Specified Users in general or
  - (e) to prevent the affairs of a Credit Information Bureau being conducted in a manner detrimental to the interests of the Specified Users of the Credit Information Bureau or in a manner prejudicial to the interests of the Credit Institutions; or
  - (f) to secure the proper management of Credit Information Bureaus generally;

it is necessary to issue directions to Credit Information Bureaus generally or to a Credit Information Bureau in particular, it may, from time to time, issue such directions as it deems fit, and the Credit Information Bureau or all the Credit Information Bureaus, as the case may be, shall be bound to comply with such directions.

- (2) The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or canceling any direction may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

**(Note: Appropriate provisions in relation to audit, inspection etc. of the Credit Information Bureau may be included based on final decision regarding the set up of the Credit Information Bureau).**

**21. Provisions Of Chapter-III to Override other Laws: --**

Provisions Of Chapter- III of this Act shall have effect notwithstanding anything contained in any other law for the time being in force and every Credit Information Bureau governed by this Act shall comply with the requirements of such provisions.

**CHAPTER IV**

**REGISTRATION OF CREDIT INFORMATION BUREAUS.**

**22. Registration of a Credit Information Bureau: -**

(1) The Reserve Bank may, for the purpose of considering the application for registration to a company or a subsidiary company to carry on the business of a Credit Information Bureau, require that the following conditions are fulfilled:

(a) that the applicant company or the subsidiary company, as the case may be, has adequate capital structure ;

(b) that the general character of the management or the proposed management of the applicant company or the subsidiary company, as the case may be, shall not be prejudicial to the interest of Credit Institutions or Credit Information Bureaus or Specified Users or others who would provide credit information to the Credit Information Bureaus;

(c) that any other condition, fulfilment of which in the opinion of the Reserve Bank, shall be necessary to ensure that the commencement of or carrying on of the business of a Credit Information Bureau by the applicant company or the subsidiary company, as the case may be, shall not be detrimental or prejudicial to the interest of the public or banking policy or credit system or of the Credit Institutions or to its Specified Users or others who would provide Credit Information to the Bureaus.

(2) The Reserve Bank may after being satisfied that the conditions as specified in sub-section (1) of this section and all other conditions as per the provisions of this Act are fulfilled, grant a certificate of registration to carry on the business and undertake the functions of a Credit Information Bureau, subject to such conditions which it may consider fit to impose.

**23. Power of the Reserve Bank to Cancel the Permission & Registration Certificate: -**

(1) The Reserve Bank may cancel certificate of registration granted to a company or the subsidiary company as the case may be under this section if such company: -

(i) ceases to carry on the business of a Credit Information Bureau in India; or  
(ii) has failed to comply with any of the conditions subject to which the certificate of registration has been granted to it; or

(iii) at any time fails to fulfill any of the conditions referred to in clauses ( a ) to ( c ) of sub-section ( 1 ) of section 22 of this Act ; or

(iv) fails to comply with any direction issued by Reserve Bank under the provisions of this Act; or

(v) fails to comply with its obligations as cast upon it in terms of any of the provisions of this Act or any other law for the time being in force.



(2) Before cancelling a certificate of registration granted to a company or the subsidiary company as the case may be under this section on the ground that the company has failed to comply with the provisions of clauses (a) to (c) of sub - section (1) of section 22 of this Act or of any other provisions of this Act or any other law for the time being in force, the Reserve Bank, unless it is of the opinion that the delay in cancelling the certificate of registration of such company shall be prejudicial or detrimental to public interest or to the interest of the Credit Institutions or its Specified Users or others who would provide credit information, shall give an opportunity to such company for taking necessary steps to comply with such provisions or fulfilment of such conditions which in the opinion of the Reserve Bank the company has failed to comply with.

PROVIDED FURTHER that before making any order of cancellation of its certificate of registration, such company shall be given a reasonable opportunity of being heard.

#### **24. Appeal Against the Order of the Reserve Bank: -**

A company aggrieved by the order of cancellation, of its certificate of registration, passed by the Reserve Bank under section 23 of this Act may prefer an appeal, within a period of **30 days** from the date on which such order of cancellation was communicated to it, to the Central Government and the decision of the Central Government where an appeal has been preferred to it shall be final, and order of the Reserve Bank shall be final after expiry of said period of **30 days** where no appeal has been preferred to the Central Government.

PROVIDED that before making any order of rejection of appeal by the Central Government, such company shall be given a reasonable opportunity of being heard.

### **CHAPTER- V**

#### **FUNCTIONS & POWERS OF A CREDIT INFORMATION BUREAU**

##### **25. Functions which a Credit Information Bureau may transact: -**

The functions of a Credit Information Bureau shall be:

(a) to collect and collate trade, credit and financial information on borrowers and prospective borrowers of the Credit Institutions;

(b) to provide credit information, on request, to the Specified Users of the Credit Information Bureau; or to a specified a user of any other Credit Information Bureaus or to other Credit Information Bureaus on request and subject to such conditions as may be specified by the Reserve Bank from time to time in this behalf.

(c) to undertake credit scoring and to sell such credit scoring, on request to its Specified Users or Specified Users of any other Credit Information Bureau or to other Credit Information Bureaus, on request and subject to such conditions as may be prescribed in this behalf with effect from such date as may be notified under this Act for commencement of this provision by the Central Government in this regard in consultation with Reserve Bank;

(d) to undertake research projects;

(e) to undertake any other form of business which the Reserve Bank may, with the prior approval of the Central Government, may notify as a form of business in which it is lawful for a Credit Information Bureau to engage

## **26. Powers & Duties of a Credit Information Bureau: -**

(1) In discharging its functions a Credit Information Bureau may perform all or any of the following: -

- (a) to maintain a data bank on borrowers of Credit Institutions;
- (b) to collect and collate trade, credit and financial information on borrowers or prospective borrowers of Credit Institutions;
- (c) to store the information so collected;
- (d) to furnish credit information on request and in confidence, to its **Specified Users or Specified Users of other Credit Information Bureaus** or other Credit Information Bureau on request or to such other users who may be specified by the Reserve Bank of its own or on request of one or more of Credit Information Bureaus from time to time in this regard;
- (e) to provide such credit scorings on request to its Specified Users or other Credit Information Bureaus or Specified Users subject to the provisions of sub-section ( c ) of section 25 of this Act and if so approved by the Reserve Bank;
- (f) to levy such fees as it may deem necessary for furnishing credit information to the Specified Users and
- (g) to make rules with approval of the Reserve Bank in respect of the administration of its affairs in consonance with the provisions of this Act and the Rules framed thereunder; and
- (h) generally to do all such other acts and perform such other functions as per this Act as are necessary to facilitate the proper carrying on of its affairs;

(2) No Credit Information Bureau carrying on its business in India shall engage in any form of business other than those referred to in sub-section (1) of this section.

## **CHAPTER VI**

**INFORMATION PRIVACY PRINCIPLES**  
**&**  
**REPORTING OF CREDIT INFORMATION**

**27. Information Privacy Principles:**

**(a) Principle 1**

**Manner and purpose of collection of personal information:**

**(b) Principle 2**

**Solicitation of personal information from borrower concerned:**

**(c) Principle 3**

**Solicitation of personal information generally**

**(d) Principle 4**

**Storage and security of personal information:**

**(e) Principle 5**

**Information relating to records kept by Bureau:**

**(f) Principle 6**

**Access to records containing personal information:**

**(g) Principle 7**

**Alteration of records containing personal information:**

**(h) Principle 8**

**Record-keeper to check accuracy etc., of personal information before use:**

**(i) Principle 9**

**Personal information to be used only for relevant purposes**

**(j) Principle 10**

**Limits on use of personal information:**

**(k) Principle 11**

### **Limits on disclosure of personal information:**

[Note: - It would be necessary to include appropriate provisions, covering amongst others, the aforesaid aspects, in relation to rights of individuals (from whom personal information is collected and maintained by the Credit Information Bureau) and the obligation of the Bureau in respect of accuracy, protection and use of such information. Details of such provisions may be considered taking into account the policy decisions for the proposed Credit Information Bureau, enactments, viz., Privacy Laws, existing in other countries)

### **28. Agencies to comply with Information Privacy Principles:**

A Credit Information Bureau or a Credit Institution shall not do an act, or engage in practice, that breaches any of the Information Privacy Principles as stipulated under Section 27 of this Act.

### **29. Code of Conduct Relating to Credit Information Files and Credit Reports:**

[Note: Based on the final decision about the proposed Credit Information Bureau, an appropriate provision may be included ].

### **30. Permitted Contents of Credit Information Files:**

[ Note: Based on the final decision about the proposed Credit Information Bureau it may be finalised and stipulated under this section such information which a Credit Information Bureau may be entitled to call for from a Credit Institution and provide to its Specified Users or other Credit Information Bureaus ]

### **31. Deletion of Information from Credit Information Files:**

[ Note: Based on the final decision about the proposed Credit Information Bureau provision relating to period and manner of deletion of Credit Information may be stipulated under this section]

### **32. Accuracy and Security of Credit Information Files and Credit Reports:**

A Credit Information Bureau or a Specified User, as the case may be, in possession or control of a Credit Information, must:

- (a) take reasonable steps to ensure that personal information contained in the Credit Information maintained by them is accurate, up-to-date, complete and not misleading; and
- (b) ensure that the Credit Information maintained by them is protected, by such security safeguards as are reasonable in the circumstances, against loss against unauthorised access, use, modification or disclosure, and against other misuse; and

- (c) if it is necessary for the Credit Information maintained by them , to be given to a person in connection with the provision of a service to another Credit Information Bureau or to another Specified User, ensure that everything reasonably with their power is done to prevent unauthorised use or disclosure of personal information contained in the Credit Information.

**33. Provisions relating to individuals rights to Access Credit Information Files and Credit Reports:**

[ Note: **Based on the final decision about the proposed Credit Information Bureau an appropriate provision in this regard may be included ]**

**34. Alteration of Credit Information Files and Credit Reports:**

- (1) A Credit Information Bureau or a Specified User or a Credit Institution in possession or control of a Credit Information, must take reasonable steps, by way of making appropriate corrections, deletions and additions, to ensure that the information contained in the Credit Information is accurate, up-to-date, complete and not misleading.
- (2) Where:
- (a) a Credit Information Bureau or a Specified User or a Credit Institution in possession or control of Credit Information, does not amend information contained therein, by making a correction, deletion or addition, in accordance with a request by the borrower concerned; and
- (b) the borrower requests the Credit Information Bureau or a Specified User or a Credit Institution to include in that Credit Information a statement provided by the borrower of the correction, deletion or addition sought;

the Credit Information Bureau or a Specified User or a Credit Institution must take reasonable steps to include the statement in the file or report within 30 days after being requested to do so.

**35. Limits on Disclosure of Personal Information by Credit Information Bureau:**

[ Note: **Based on the final decision about the proposed Credit Information Bureau an appropriate provision in this regard may be included ]**

**36. Limits on Use by Credit Institution of Personal Information contained in Credit Information, etc:**

[ Note: **Based on the final decision about the proposed Credit Information Bureau an appropriate provision in this regard may be included ]**

**37. Limits on Disclosure by Credit Providers of Personal Information Contained in Reports Relating to Credit Worthiness, etc:**

[ Note: **Based on the final decision about the proposed Credit Information Bureau an appropriate provision in this regard may be included** ]

**38. False or misleading credit reports:**

- (1) A Credit Information Bureau or Credit Institution must not give to any other person or body (whether or not the other person or body is a Credit Information Bureau or a Credit Institution) a credit information that contains false or misleading information.
- (2) A Credit Information Bureau or a Credit Institution that knowingly or recklessly contravenes subsection (1) is guilty of an offence punishable, on conviction, by a fine not exceeding .....( **amount may be provided** )

**39. Unauthorised Access to Credit Information Files:**

- (1) A person must not obtain access to a borrower's credit information file in the possession or control of a Credit Information Bureau or a Credit Institution or a Specified User unless the access is authorised by this Act.
- (2) A person must not obtain access to a credit information in the possession or control of a Credit Information Bureau or a Credit Institution or a Specified User unless:
  - (a) the person is given the report in accordance with this Act: or
  - (b) the access is otherwise authorised by this Act.
- (3) A person who knowingly or recklessly contravenes this section is guilty of an offence punishable, on conviction, by a fine not exceeding .....(amount **may be provided** ).

**40. Obtaining Access to Credit Information Files by False Pretences:**

A person must not, by a false pretence, obtain access to a borrower's credit information file in the possession or control of a Credit Information Bureau or Credit Institution or a Specified User and one who violates the provisions of this section shall be liable to penalty of Rs..... (amount **to be provided**).

**41. Credit Institution to be Member of a Credit Information Bureau:**

- (1) Every Credit Institution shall become member of at least one Credit Information Bureau; and
- (2) A Credit Information Bureau may, if it decides to do so, become member of more than one Credit Information Bureau.

#### **42. Collection & Furnishing Of Credit Information:**

(1) A Credit Information Bureau or any person authorized in that behalf by the Bureau may, by notice in writing, require its member Credit Institution to furnish to the Bureau or to any person authorised by the Bureau in this behalf, such Credit Information within such period as shall be specified in the notice, in accordance with the provisions of this Act.

(2) Notwithstanding anything to the contrary, in any law establishing a Credit Institution or other law or in any agreement entered into between a Credit Institution and its borrower, it shall be the duty of every Credit Institution to provide Credit information on receipt of notice in terms of provisions of sub-section (1) of this section to the Credit Information Bureau, in accordance with the provisions of this Act.

(3) It shall be the duty of every Credit Information Bureau to maintain the Credit Information received from its member Credit Institution in terms of sub-sections (1) and (2) of this section or otherwise, in accordance with the provisions of this Act.

(4) A Credit Information Bureau shall in turn provide for permissible purpose and use, the Credit Information referred to in sub-section (3) of this section, to a Specified User on request received from them in accordance with the provisions of this Act and directions, Notifications issued from time to time by the Central Government or the Reserve Bank or any other authority, as the case may be, under this Act.

(5) Every Credit Information Bureau shall be entitled to charge from the Specified User such fees for providing the Credit Information to them in terms of sub-section (4) of this section, as may be permissible in accordance with the provisions of this Act.

(6) No information contained in a return furnished under sub-section (3) in compliance with the requirements of a notice issued under sub-section (1) of this section, shall be published or communicated by the Credit Information Bureau to any other person except to a Specified User as may be required in the course of the discharge of the functions of the Credit Information Bureau and the disclosure whereof is permissible in accordance with the provisions of this Act.

### **CHAPTER VII**

#### **GENERAL**

#### **43. Legal Recognition of Electronic Records**

[Note: **Appropriate provisions relating to acceptance of electronic documents/ documents maintained on magnetic media, as evidence may be included]**

#### **44. Disclosure of Information before any Court or other Institution**

No director, officer or servant employed in the business of any Credit Information Bureau or in the business of a Specified User of a Credit Information Bureau or a Credit Institution, as the case may be, shall, except for the purposes of this Act or when required to do so by any law, disclose any information or produce before any Court or other institution any return or other information furnished to the Credit Information Bureau or furnished by the Credit Information Bureau, as the case may be, in accordance with the provisions of this Act.

**45. Obligations as to fidelity and secrecy:**

(1) Every Credit Information Bureau shall observe, except as otherwise required by law, the practices and usages customary among Credit Institutions, Specified Users and, in particular, it shall not divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with law or practices and usages customary among or Credit Institutions or Specified Users, as the case may be, necessary or appropriate for the Credit Information Bureau to divulge such information;

(2) Every Chairman, Director, Member, Auditor, Adviser, Officer or other Employee of a Credit Information Bureau shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form as may be prescribed in this regard.

**46. Protection of Action taken in Good Faith:**

No suit or other legal proceedings or prosecution shall lie against a Credit Information Bureau, or against any Director, officer, servant or agent of the Credit Information Bureau or any other person authorised by the Credit Information Bureau to discharge any functions under this Act, for any loss or damage caused or is likely to be caused by anything which is in good faith done or intended to be done, in pursuance of this Act; or any other law or provision having the force of law.

**47. Returns and information: -**

[Note: **Based on the final decision about the set up of the proposed Credit Information Bureau, in particular, its regulator, appropriate provisions in respect of nature of returns and information to be submitted and periodicity for such submission may be included ]**

**48. Offences and penalties:**

[Note: **Based on the final decision about the proposed Credit Information Bureau, appropriate provision in relation to nature of penalty and the manner in which penalty may be imposed in this regard may be provided]**

**49. Resolution of Disputes:**



[Note: It would be appropriate to provide for a mechanism for resolution of disputes between a Credit Information Bureau and a specified user]

**50. Power to make Rules/Regulations:**

(Note: Based on the final policy decision with respect to setting up of the Credit Information Bureau, appropriate enabling provisions in this regard may be included).

**51. Amendment of Certain Enactments:**

The enactments specified in the **First Schedule** to this Act shall be amended in the manner provided therein and unless otherwise provided in that Schedule, such amendments shall take effect on and from the date of commencement of this Act.

**SCHEDULE-I**  
(under section-51)

**PART-I**

**AMENDMENT TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS ACT), 1970.**

**Amendment Of Section 13**

1. In Section 13 of the Banking Companies (Acquisition And Transfer Of Undertakings Act) 1970, after sub-section (3), following sub-section (4) shall be inserted, namely: -

"(4) Nothing in this section shall apply to the disclosure by a corresponding new bank, of information relating to or to the affairs of its constituents, to a Credit Information Bureau established, as per the Credit Information Bureaus Act, 1999."

**PART- II**

**AMENDMENT TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS ACT), 1980.**

**Amendment Of Section 13**

1. In Section 13 of the Banking Companies (Acquisition And Transfer Of Undertakings Act) 1980, after sub-section (3), following sub-section (4) shall be inserted, namely: -

"(4) Nothing in this section shall apply to the disclosure by a corresponding new bank, of information relating to or to the affairs of its constituents, to a Credit Information Bureau established, as per the Credit Information Bureaus Act, 1999."

### **PART- III**

#### **AMENDMENT TO THE STATE BANK OF INDIA ACT, 1955**

##### **Amendment Of Section 44**

1. In section 44 of the State Bank Of India Act 1955 after sub-section (2), following sub-section (3) shall be inserted, namely: -

"(3) Nothing in this section shall apply to the disclosure by the State Bank, of information relating to or to the affairs of its constituents, to a Credit Information Bureau established, as per the Credit Information Bureaus Act, 1999."

### **PART- IV**

#### **AMENDMENT TO THE STATE BANK OF INDIA (SUBSIDIARY BANKS) ACT, 1959.**

##### **Amendment Of Section 52**

1. In section 52 of the State Bank of India ( Subsidiary Banks) Act 1959 after sub-section (2) the following sub-section (3) shall be inserted namely:-

"(3) Nothing in this section shall apply to the disclosure by a subsidiary bank of information relating to or to the affairs of its constituents, to a Credit Information Bureau established, as per the Credit Information Bureaus Act, 1999."

### **PART- V**

#### **AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934.**

##### **Amendment Of Section 45E(2)**

1. In section 45E(2) of the Reserve Bank Of India Act 1934 after Clause (c) in sub-section (2) of Section 45E of the Reserve Bank of India Act, 1934, following clause (d) shall be inserted, namely: -

"(d) the disclosure of any credit information by the Bank to Credit Information Bureaus, established as per the Credit Information Bureaus Act, 1999, if it considers necessary in the interest of banking policy or for the purpose of effective functioning of Credit Information Bureaus."

### **PART- VI**

#### **AMENDMENT TO THE PROVISIONS OF BANKING REGULATION ACT, 1949**

### **Amendment Of Section 5**

1. In Section 5 of the Banking Regulation Act, 1949, after clause (da) following clause (db) shall be inserted, namely: -

“(db) **Credit Information Bureau**” means a company or a subsidiary company, as defined under the provisions of Credit Information Bureaus Act, 1999.”

### **Amendment Of Section 19**

2. In Section 19 of the Banking Regulation Act, 1949, after sub-section (3) following sub-sections (4) and (5) shall be inserted, namely:

“(4) Save as provided in clause (c ) of sub-section (1) a banking company may form a subsidiary company and establish in association with other banking company and such other company as may be permitted by the Reserve Bank, a Credit Information Bureau as defined under the Credit Information Bureaus Act, 1999.”

“(5) Save as hereinafter provided, no such subsidiary company shall undertake and carry on its business in India as a Credit Information Bureau unless it is permitted in that behalf by the Reserve Bank in accordance with the provisions of Credit Information Bureaus Act, 1999.”

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